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Treasury Chambers, Parliament Street, SW1P 3AG

John Major Esq MP
 Minister of State for Social Security and the Disabled
 Department of Health and Social Security
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NRM

17th March 1987

Dec JH,

**COMMUNITY CHARGE: NON-DOMESTIC RATING OF "HOMES"
 AND HOSTELS**

FILE WITH ON

Thank you for copying to me your letter of 2 March to Nicholas Ridley.

As we have agreed, if local authorities are to become more accountable for their financial decisions the community charge must be as widely applicable as possible. That line was maintained during the Commons committee stage of the Abolition of Domestic Rate Etc (Scotland) Bill and will need to be maintained when the parallel bill for England and Wales is debated in due course. So I am not persuaded that we should make the concession that you suggest.

Before considering any concession, I think that we would need a thorough examination of the costs and problems involved in making residents of these homes and hostels liable to the community charge. This would include:-

- (a) Options for distinguishing between hospitals and nursing homes: this may be difficult as you say, but it may prove a more attractive option than exempting those in homes from the charge while continuing to charge those cared for in the community.
- (b) A firmly-based estimate of the administration costs that would be incurred through bringing these residents into community charge rebates.
- (c) A firmly based estimate of the cost of changes in the level of 'pocket money' which Norman Fowler referred to

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in his letter to Willie Whitelaw of 11 November.

- (d) Consideration of alternative ways of handling the "pocket money" issue.

I could not agree to this concession before the issues have been examined properly. It undermines our general approach and runs the risk of being repercussive, possibly substantially. After such an examination we can take a firm decision.

I am copying this letter to Nicholas Ridley, to other members of E(LF) and to Sir Robert Armstrong.

Yours etc,

JM

JOHN MacGREGOR